THE
# Dan Smoot Report

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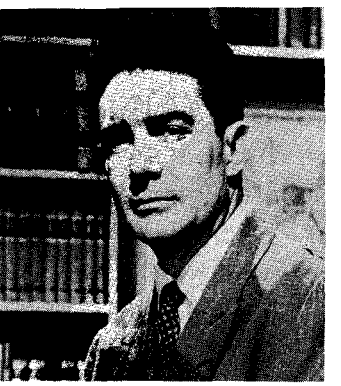

DAN SMOOT

## FOREIGN AID

Since 1946, our government has confiscated from American taxpayers more than 150 billion dollars for aid to foreign countries.

Our tax money has subsidized communist regimes which are sworn enemies of our nation; it has supported nations which, though not controlled by communists, are inimical to the United States and seething with hatred and resentment of Americans; it has financed wars between nations which would not have had the capacity to fight each other without our help, and, in the process, has made the warring nations hate us because of the aid we give their enemies. Our foreign aid has financed social upheavals and communist-socialist revolutions throughout Latin America and Africa, bringing to power political regimes whose policies are based on hatred of the United States. Our aid has built and subsidized foreign industries which are now ruining American industries by underselling them. The foreign giveaway programs have piled up our national debt, dissipated our monetary gold reserve, inflated our living costs, debased our currency.

In short, foreign aid has been a major means of accomplishing three objectives set by a Soviet espionage agent at the United Nations Monetary and Financial Conference, held in Bretton Woods, New Hampshire, July, 1944. Harry Dexter White, head of the American delegation, controlled the Bretton Woods Conference. A member of the Council on Foreign Relations and an under-cover Soviet agent, White was Assistant Secretary of the United States Treasury. White's Bretton Woods Conference in 1944 established policies which our government has followed without deviation since the end of World War II. The policies were intended:

**(1) To build the industrial capacity of other nations, at our expense, to eliminate American productive superiority;**

**(2) To take world markets — and much of the domestic market — away from American producers so that capitalistic America would no longer dominate world trade;**

**(3) To strip the United States of the great gold reserve, which had made our dollar the dominant currency on earth, by giving the gold to other nations.**[1]

THE DAN SMOOT REPORT is published weekly by The Dan Smoot Report, Inc., Box 9538, Dallas, Texas 75214 (office at 6441 Gaston Ave.). Subscriptions: $18.00 for 2 years; $10.00, 1 year; $6.00, 6 months; first class, $12.50 a year; airmail, $14.50. Dan Smoot was born in Missouri, reared in Texas. With BA and MA degrees from SMU (1938 and 1940), he joined the Harvard faculty (1941) as a Teaching Fellow, doing graduate work in American civilization. From 1942 to 1951, he was an FBI agent; from 1951 to 1955, a commentator on national radio and television. In 1955, he started his present independent, free-enterprise business: publishing this REPORT and abbreviating it each week for radio and TV broadcasts available for commercial sponsorship by business firms.

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The Gold Reserve Act of 1934 (which made the American dollar irredeemable in gold for Americans) provided that foreign governments, institutions, and central banking systems can redeem their American dollars in gold, at a price fixed by the U.S. Treasury ($35.00 an ounce). Consequently, every American dollar spent, invested, or given away abroad, and every American dollar spent in the United States to purchase foreign-made goods, are potential claims against our gold reserve. The total of all such claims is reduced by the amount of foreign money spent or invested in the United States, or spent in foreign lands to buy American-made goods.

The difference between what we as a nation spend and give away abroad, and what foreigners buy from us, is called *balance of payments.* We suffer a balance-of-payments deficit when what we spend and give away abroad exceeds what foreigners buy from us. Every deficit represents foreign claims against our gold reserve. When the total of foreign claims exceeds the amount of gold in our reserve, we are *technically* bankrupt, because we could not meet all foreign claims if all were presented for redemption. We shall be in an *actual* state of bankruptcy if foreigners sell their American holdings and demand more gold than we have.

When the Bretton Woods Conference was held in 1944, the U.S. had 60 percent of all known gold reserves in the world; and the total of all foreign claims against our gold was relatively insignificant. The annual balance of payments had been running steadily in our favor for almost half a century.

Then, postwar foreign aid and foreign defense programs began, scattering the savings and salaries of Americans all over the world. Soon, we were suffering a balance-of-payments deficit every year; but the effect on our monetary gold reserve was not alarming for several years. In 1954, for example, we still had 23 billion dollars in our gold reserve; and the total of all foreign short-term claims against the reserve was less than 11 billion dollars.

Today, we have less than 13 and one-half billion dollars in our gold reserve; and foreign short-term claims total more than 30 billion dollars.[2] Nations receiving our aid have cashed in their "surplus" dollars at the U.S. Treasury, taking a total of 12 billion, 300 million dollars of our gold reserve (since 1945), leaving us technically bankrupt, holding less than half enough gold to meet all existing foreign claims.[3] We are now at the mercy of the foreign nations to whom we have given aid. If — with the dollar holdings we have given them — they should make a run on our Treasury, demanding gold redemption, we would be in an actual state of bankruptcy — a nation with worthless currency, closed factories, massive unemployment.

All of this is a mere indication of the harm that our government's foreign aid programs have done to our country. The total damage they have done is too massive and far-reaching to be assessed.

With a record like that, the foreign aid programs came before the House of Representatives for approval in July, 1966.

Not one Representative pointed out that all the foreign aid and foreign lending programs are unconstitutional, since the Constitution does not authorize the federal government to confiscate money from Americans for the benefit of foreigners; but a few did propose amendments to make certain aspects of foreign aid less harmful to the United States.

Representative Edward Derwinski proposed an amendment to reduce Alliance For Progress (aid to Latin American nations) funds from $850 million to $750 million — pointing out that the program has done more harm than good, saying:

**"We have heard the argument that the Alliance For Progress has . . . brought countries in Latin America into the 20th century. If we would study history, we would find . . . there were fewer revolutions in Latin America prior to the social unrest generated by the Alliance For Progress program than there have been since."[4]**

The House rejected Mr. Derwinski's amendment.



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Representative H. R. Gross proposed an amendment to prohibit the granting of foreign aid funds to United Nations agencies within the United States, as long as those agencies harbor known spies who have violated the security interests of the United States. His amendment was rejected, and so was an amendment to prevent the granting of U.S. tax money to UN agencies which give aid to Cuba and other communist countries. The House also rejected amendments to keep U.S. tax money from being given to countries whose policies are contrary to the policies of the United States.

The House debate on foreign aid closed July 14. Representatives Harold Collier and William Randall rather well summed up the arguments against foreign aid.

Mr. Collier said:

**"Ostensibly, the purpose of this tremendous outpouring of America's wealth has been to combat communism, to gain allies to make it easier for us to prevent war from breaking out or to help us fight wars once they start, and to help underdeveloped infant nations to establish sound economies.**

**"What has been the result?**

**"Since foreign aid first became institutionalized, the United States has become engaged in two wars in Asia against Communist aggression. We fought in Korea for 3 years and the only nation that gave us substantial assistance was Turkey.**

**"We are now fighting in Vietnam and are suffering heavy casualties. We are getting only token help from our numerous allies and many of them are trading with our Communist enemies . . . .**

**"Our policy of buying friends has been a colossal failure all over the world, as our diplomats have been insulted, our embassies stoned, and our libraries burned . . . .**

**"In many instances our economic help has been short-lived, as runaway inflation has dissipated the gains and left the masses of the people worse off economically than before. At the same time, inflation in the United States has been accelerated by the expenditure of vast sums for foreign aid year after year . . . .**

**"The bill now before us authorizes $4,109,119,000 for fiscal 1967 and $4,158,339,000 for fiscal 1968. Altogether the bill authorizes approximately $13,800,000,000, some of it to be spent over a 5-year period.**

**"The administration wants us to authorize money for a 2-year period, part of which would run during the Congress that will follow the current one. I am going to vote against the foreign aid authorization bill on final passage, as well as against the scheme for a 2-year authorization period. We must not surrender the opportunity for an annual review of the foreign aid program . . . .**

**"The bill before us provides for economic or military aid or both to 84 nations plus carryover aid to 10 other nations . . . .**

**"Military aid will go to 55 different nations at a time when we are talking about peace . . . .**

**"Many of these nations have used American-manufactured weapons against each other, while a number of others are on the verge of fighting . . . .**

**"Since the close of World War II, the United States has provided arms for half the nations of the world at a cost of $37 billion. In the present measure, we are being asked to authorize an additional $917 million for military assistance. This does not include at least a billion more for paying and supplying the South Vietnamese Army.**

**"France, one of the largest recipients of military aid, has turned its back on us in Vietnam, has demanded the evacuation of Americans from France, and wants to close our bases on French soil.**

**"The United Kingdom, which we have given a tremendous amount of military assistance, continues to send her ships into Vietnam and Communist Cuba.**

**"Latin American countries have received large amounts of military aid, but not one soldier has been volunteered from them for the Vietnamese forces.**

**"It is interesting to note that in Africa, where we have sent considerable military aid, seven**



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governments have been overthrown by military coups since June of last year.

"Two of the largest current recipients of military aid, Greece and Turkey, are at swords' points over Cyprus.

"India and Pakistan are also looking threateningly at each other. Both have benefited from our military assistance . . . .

"While Secretary of State Dean Rusk believes that 'foreign aid is basic to our security,' I fail to see how such aid will help us to maintain our security if it is to be disbursed by international organizations to our enemies. This proposal should be dismissed without serious consideration."(4)

Representative William Randall said:

"How much longer can this country endure a foreign aid program? . . . The record is clear. There has been failure after failure that has been paid for with our billions . . . . Although the long record of failures is one of the best reasons why we should stop the foreign aid program, there are other reasons . . . including such things as the drain on our U. S. gold stocks . . . . The worst evil of all about foreign assistance is that we have furnished aid to some countries who are now actively assisting North Vietnam . . . .

"The time to stop the program is now. Right now."(4)

The House ignored unanswerable arguments like these of Mr. Collier and Mr. Randall and passed the foreign aid bill by a vote of 237 to 146, authorizing $4.1 billion each year for the next two fiscal years — 700 million dollars a year more than President Johnson had asked for.

On July 26, the Senate passed an amended version of the Foreign Assistance Act of 1966 (HR 15750) by a vote of 66 to 27. The Senate reduced authorization for economic assistance to $2,059,762,000 and limited it to one year.

As this goes to press, a Senate and House Conference Committee has not yet resolved differences between the House-passed version and the Senate versions of the foreign aid bill.

SUGGESTION: Write the two U.S. Senators from your state and the U.S. Representative from your district. Send them copies of this *Report* (even though they get it directly from this office each week). Ask them whether they support the foreign aid program, and, if so, why. Let them know that you strongly oppose foreign aid and that you will do your utmost to defeat, politically, any Senator or Representative who supports it. Try to get others to write similar letters to Senators and Representatives.

ANOTHER SUGGESTION: As a new school year begins, take advantage of our very special student subscription rate — 9 months for $6.00, prepaid. Give as many student subscriptions as you can afford and encourage others to do the same. If you do not know any students, contribute to our student gift fund (not tax exempt). If you can not give student subscriptions or make contributions to the fund, please send us the names and addresses of students who should receive this *Report*; and we will use our fund to provide as many student subscriptions as possible.

## FOOTNOTES

(1) *Gold Swindle: The Story of Our Dwindling Gold*, by Major George Racey Jordan, The Bookmailer, 1959; *The Harry Dexter White Papers*, Senate Internal Security Subcommittee, August 30, 1955, p. viii

(2) See this *Report*, "Insanity In Washington," by U. S. Rep. Otto E. Passman, December 27, 1965, pp. 409-415; prices: 25¢ each, 6 for $1.00.

(3) *Facts on Foreign Aid*, Citizens Foreign Aid Committee, July 18, 1966

(4) *Congressional Record* (daily), July 14, 1966, pp. 14993-15034


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